GOVERNMENT OF INDIA
HOUSING AND URBAN POVERTY ALLEVIATION
LOK SABHA

UNSTARRED QUESTION NO:1137
ANSWERED ON:08.02.2017
New Real Estate Rules
Adsul Shri Anandrao ;Patil Shri Shivaji Adhalrao;Rao (Avnthi) Shri Muthamsetti Srinivasa;Raut Shri Vinayak Bhaurao;Shinde Dr. Shrikant Eknath;Shrirang Shri Chandu Barne

Will the Minister of HOUSING AND URBAN POVERTY ALLEVIATION be pleased to state:

Will the Minister of HOUSING AND URBAN POVERTY ALLEVIATION be pleased to state:

(a) whether the real estate rules makes it mandatory for all builders developing a project where the land exceeds 500 square metres to register themselves with the regulatory authority before launching or even advertising their project and if so, the details thereof;

(b) whether failure to do so will invite a penalty of up to 10 per cent of the project cost and for subsequent violation jail term for three years for developers has been included in the rules;

(c) if so, the number of builders penalized for violation of law, State-wise;

(d) whether the Union Government has received complaints from consumer groups that several States have reportedly diluted key provisions of the new real estate rules that Parliament cleared last year related to ongoing projects in their State law to favour builders and if so, the details thereof and the action taken against those States; and

(e) the steps taken by the Government for implementation of new real estate rules without diluted key provisions?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF HOUSING & URBAN POVERTY ALLEVIATION

(RAO INDERJIT SINGH)

(a) & (b): Section 3(1) of the Real Estate (Regulation and Development) Act, 2016 provides 'No promoter shall advertise, market, book, sell or offer for sale, or invite persons to purchase in any manner any plot, apartment or building, as the case may be, in any real estate project or part of it, in any planning area, without registering the real estate project with the Real Estate Regulatory Authority established under this Act'.

Section 3(2) provides 'Notwithstanding anything contained in sub-section (1), no registration of the real estate project shall be requiredâ€" (a) where the area of land proposed to be developed does not exceed five hundred square meters or the number of apartments proposed to be developed does not exceed eight inclusive of all phases'.

As per Section 59 (1) of the Real Estate Act, 2016 'if any promoter contravenes the provisions of section 3, he shall be liable to a penalty which may extend up to ten percent of the estimated cost of the real estate project as determined by the Authority'. Further, as per Section 59 (2) 'If any promoter does not comply with the orders, decisions or directions issued under sub-section (1) or continues to violate the provisions of section 3, he shall be punishable with imprisonment for a term which may extend up to three years or with fine which may extend up to a further ten percent of the estimated cost of the real estate project, or with both'.

(c): Section 3 of the Real Estate Act, 2016 has not yet been notified for commencement.

(d) & (e): Yes, the Ministry has received representations from consumer groups that in the Rules formulated under the Real Estate (Regulation and Development) Act, 2016, some States have reportedly diluted key provisions of the Act to favour builders.

The Rules that have been notified by the States, have been forwarded to the Committee on Subordinate Legislation of the Rajya Sabha and the Lok Sabha for examination.

The Ministry had convened a meeting of State and Union Territory officials on 17th January, 2017 to apprise them about the provisions of the Act. During this meeting they were also informed that the Rules cannot be ultra-vires the Act. The Ministry also apprised the participants about the Rules made by the Ministry for the Union Territories without Legislature, for which it is the 'appropriate Government'. In addition, a set of Frequently Asked Questions (FAQs) on the Act was circulated to the said officials.

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